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# Assembly California Legislature



**JOEL ANDERSON**  
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August 20, 2009

Assemblymember Kevin De León, Chair  
Assembly Appropriations Committee  
State Capitol, Room 2114  
Sacramento, CA 95814

Dear Assemblymember De León,

Since July 2, the State has issued 327,000 IOUs totaling \$1.95 billion. Those IOUs carry with them a 3.75 percent interest rate and are payable October 2, barring action by the State Pooled Money Investment Board to set an earlier redemption date.

Each and every issued IOU adds to the state's debt with interest. \$1.95 billion in IOUs, paying a flat 3.75 percent interest before being redeemed, would -- if all IOUs were cashed after three months -- cost the state a hefty \$18,281,250. The good news is that cost to the state would be saved with AB 1506 in place, successfully avoiding a multiple-million dollar burden.

During yesterday's hearing of Assembly Bill 1506 in the Assembly Appropriations Committee, information about the savings for the state did not appear in the analysis. I believe this additional data is valuable, and can provide the opportunity to make a decision based on all the facts.

Though the Employment Development Department reported potential administrative costs to the bill, these are routine business expenses that are long overdue. Computer upgrades are among the improvements that could be more than adequately paid through the savings achieved by the state in passing AB 1506.

While this urgency bill sits waiting for further action in your committee next week, I hope that this factual correction will remove any misconceptions about this bill's benefits both for California's people and government.

In light of this additional information, I urge your support of this bill and thank you for the consideration of my request.

Sincerely,

A handwritten signature in cursive script that reads "Joel Anderson".

Joel Anderson  
Assemblyman